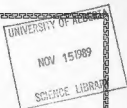


John A. Allan



BRIEF

— OF THE —

WESTERN CANADA BITUMINOUS COAL OPERATORS' ASSOCIATION

— FOR SUBMISSION TO THE —

ROYAL COMMISSION ON COAL CANADA

At the Calgary Sitzings,
April 3rd to 7th,
1945

COMMISSIONERS:

HON. MR. JUSTICE W. F. CARROLL,

Chairman

MR. ANGUS J. MORRISON,

Member

HON. MR. JUSTICE C. C. McLAURIN,

Member

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ROYAL COMMISSION ON COAL
CANADA

- Submission of -

THE WESTERN CANADA BITUMINOUS COAL OPERATORS' ASSOCIATION

Gentlemen:

We appreciate this opportunity of presenting for your consideration a general review of the Bituminous Coal Industry of Alberta and Eastern British Columbia, its markets and problems as well as its hopes for the future.

This is a general statement as affecting all our member companies and no attempt is made here to deal with any single operation as separate from the rest. The information with respect to the individual operations, financial and otherwise, is being provided as requested by your proper officers.

We trust that your deliberations and Report may be productive of benefits to the Industry and all those engaged in it as well as to the people of Canada as a whole.

SECTION I

History

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HISTORY

We are advised that it is the intention of the Government of the Province of Alberta to submit a Brief to the Commission which will, among other things, treat in detail the development of the coal industry in the Province of Alberta, and it is therefore not our intention to go into this detail except in such particulars as will show the history and functions of the Western Canada Bituminous Coal Operators' Association.

If the Commission would be desirous of obtaining further historical details and geological records we would refer them to a paper prepared for presentation at the Second Meeting of the Empire Mining and Metallurgical Congress at the session held at Edmonton on the 20th day of September, 1927, and entitled "The Coal Mining Industry of Western Canada". In this paper Mr. W. J. Dick of Edmonton, Alberta, dealt with the history and development of coal mining in the Province of Alberta and gave detailed descriptions of the seams being worked, the methods of working and the equipment in use. A similar description with respect to Eastern British Columbia is contained in the same paper and was prepared by the late Robert Strachan, Senior Inspector of Mines for British Columbia.

A great deal of geological work has been done over a long period of years by the Geological Survey of the Dominion of Canada and particularly by D.B. Dowling in "Coal Fields and Coal Resources of Canada", and by B. R. McKay in various

detailed surveys of Western coal areas.

In the Province of Alberta and in connection with the work of the Research Council, John A. Allan, Professor of Geology of the University of Alberta, has also made numerous geological contributions.

A very valuable contribution has been made by Prof. Stansfield of the University of Alberta with respect to chemical analyses, physical characteristics, coking and briquetting qualities, and tests with respect to the use of Alberta coals.

The Fuel Research Laboratories under the Dominion Fuel Board have made extensive studies of the Chemical and Physical properties as well as testing for coking, briquetting and fuel uses under varying conditions.

The member companies of this Association are herewith listed and are given in the order of magnitude of production but separated as to their location on Canadian Pacific and Canadian National Railway lines:

On Canadian Pacific Railway Lines

The Crow's Nest Pass Coal Company, Limited	- Fernie, B.C.
West Canadian Collieries, Limited	- Blairmore, Alta.
International Coal & Coke Company, Limited	- Coleman, Alta.
The Canmore Mines, Limited	- Canmore, Alta.
McGillivray Creek Coal & Coke Co., Limited	- Coleman, Alta.
Hillcrest-Mohawk Collieries, Limited	- Bellevue, Alta.

On Canadian National Railway Lines

Brazeau Collieries Limited	- Mordegg, Alta.
Cadomin Coal Company, Limited	- Cadomin, Alta.
Mountain Park Coals Limited	- Mountain Park, Alta.
Luscar Coals Limited	- Luscar, Alta.

The Association was originally organized in the Fall of 1906 as the "Western Coal Operators' Association", its members being operators of steam coal mines in southern Alberta and Eastern British Columbia, and its basic function being the making of collective agreements and the protection of its members in matters arising out of labour relations and wage agreements.

The first collective agreement in the Western coal fields was made by that Association and District 18, United Mine Workers of America in the Spring of 1907. Following this the Association expanded its membership by including operators of Domestic coal mines in the Lethbridge and Taber fields, and continued with the making of collective agreements for all the larger mines in southern Alberta.

During the period of the war of 1914-1918 there was great development of coal mining in the more northern coal fields, particularly in the Brazeau and Mountain Park areas with respect to Bituminous and Sub-bituminous coals, and in the Drumheller area with respect to Domestic coal.

During that period also a Director of Coal Operations was appointed who dealt with labour relations and price adjustments, which resulted in practically all of the larger operating companies in Alberta and Eastern British Columbia, whose employees were members of District 18 United Mine Workers of America, becoming members of the Coal Operators' Association. During that period it can be said that the principle of

making collective agreements between the two parties was set aside and labour relations and wage agreements were determined by the Director of Coal Operations. This procedure continued until early in the year 1920. On May 18th, 1920, the name of the Association was changed to be "The Western Canada Coal Operators' Association" and included as members practically all of the larger operators of steam and domestic coal mines in Alberta and Eastern British Columbia. In that month a collective agreement was entered into between that Association and District 18, United Mine Workers of America. In the year 1925 disintegration of the U.M.W. of A. occurred: there were not only two rival labour organizations but a considerable number of local unions who were not affiliated with any district organization, and were organized purely for conducting the business of the employees directly with their employers.

In the month of November of that year the membership of the Western Canada Coal Operators' Association had been materially reduced, and at a meeting of the remaining members it was decided to disband the Association.

By the year 1937 the United Mine Workers had again succeeded in bringing within their orbit most of the employees at the steam coal mines and it became necessary for the employers to again consider the question of making district-wide agreements. As a result the present Association under the name of "The Western Canada Bituminous Coal Operators' Association" was organized and included all steam coal

operators except those at Coleman and Hillcrest. The negotiations at that time covered a protracted period and it was not until early in 1939 that an agreement was reached, this being made retroactive in effect to 1938.

The making of wage agreements has for the present been made subject to Government wartime regulations as to general wage structures, and any negotiations with regard to changes are subject to the approval of the Government authorities administering such regulations.

The Association now includes in its membership all steam coal operations in Alberta and Eastern British Columbia with the exception of a very minor operation at Kaydeo, Alta., (In the Mountain Park area), and a more important though intermittent operation of strip mining at Corbin, British Columbia, and such stripping operations in the Coalspur area as are supplying sub-bituminous coal to the Canadian National Railways for locomotive use.

As indicating the relative importance of our position in the Industry we have here presented production figures for the years 1930 to 1944 inclusive. Columns 1 and 2 are taken from the Coal Statistics for Canada except for the year 1944, which is from the monthly reports of the Alberta Mines Branch. Column 3 is from the records of the Crow's Nest Pass Coal Company. Column 4 is total bituminous output for Alberta and the Crow's Nest Pass Coal Company in Eastern British Columbia.

<u>Year</u>	<u>Total Pro- duction Alta.</u>	<u>Alberta Bit- uminous only</u>	<u>Crow's Nest Pass Coal Company</u>	<u>Total Bit- uminous Production</u>
1930	5,755,528	2,278,467	531,688	2,810,155
1931	4,564,015	1,846,306	453,266	2,299,572
1932	4,870,648	1,734,705	347,937	2,082,642
1933	4,718,788	1,726,256	291,721	2,017,977
1934	4,753,810	1,915,800	429,668	2,345,468
1935	5,462,894	2,248,620	444,793	2,693,413
1936	5,696,960	2,288,734	514,163	2,802,897
1937	5,562,829	2,413,784	494,962	2,908,746
1938	5,251,233	2,310,479	482,417	2,792,896
1939	5,519,208	2,556,944	600,551	3,157,495
1940	6,203,839	3,069,197	813,610	3,882,807
1941	6,969,962	3,561,357	1,072,274	4,633,631
1942	7,754,053	3,807,619	1,109,509	4,917,128
1943	7,677,982	3,469,993	960,704	4,430,697
1944	7,427,433	3,551,205	1,002,410	4,553,615
TOTALS	88,189,192	38,889,466	9,549,673	48,439,139

From the foregoing it will be seen that the mines represented by this Association have produced on the average 44 percent of the coal mined in the Province of Alberta, but with the inclusion of the Crow's Nest Pass Coal Company in Eastern British Columbia, the figure is 49.5 percent for the coal-producing area, while for the war years this figure reaches close to 55 percent.

Referring now to the daily production and reserves of the companies we have prepared the following consolidated statement from returns supplied by our members. It should be here stressed that this statement does not show the position of any individual company, nor does it deal with unproven reserves.

<u>Year</u>	<u>Annual Production</u>	<u>Average Actual Daily Production (Cumulative)</u>	<u>Average Days Worked</u>
1934	2,321,231	14,178	163.72
1935	2,662,605	14,358	185.44
1936	2,748,267	15,568	176.53
1937	2,899,034	15,566	186.24
1938	2,744,650	15,240	180.09
1939	3,080,085	15,666	196.61
1940	3,729,588	15,639	238.48
1941	4,657,541	17,067	272.89
1942	4,751,602	16,356	290.51
1943	4,317,967	15,394	280.49
1944	4,433,312	15,967	277.65

	<u>Average Annual Production</u>	<u>Average Daily Production</u>	<u>Average Days Worked per Year</u>
Average Annual Production (11 yrs.)	3,486,000	15,545	224
Six Years preceding the War	2,742,645	15,096	182
Five War Years	4,378,002	16,084	272

With respect to development and reserves at the present operating sites and to depths of cover generally not exceeding two thousand feet, the consolidated returns show:

1. Known Reserves in Tons in present working areas and development

<u>Reserves</u>	<u>Estimated per- centage of Recovery</u>	<u>Recoverable</u>
78,108,000	74	54,449,550

On the basis of the maximum actual annual production (year 1942) this represents eleven years' operations.

2. Additional Reserves as in No. 1 but based on some knowledge of continuity of seams provided by drilling or prospecting

<u>Reserves</u>	<u>Estimated per- centage of Recovery</u>	<u>Recoverable</u>
339,473,860	70	233,682,400

On the same basis as No. 1, this would provide for an additional fifty years' operations.

3. Estimated additional reserves, assuming continuity of seams on structural evidence only

<u>Reserves</u>	<u>Estimated per- centage of Recovery</u>	<u>Recoverable</u>
418,826,000	74	311,414,600

This would provide for a further sixty-five years of operations at present operating sites.

No estimate is here made of such further reserves as could be made available by starting operations at new sites contiguous to present operations, nor for those which would require the construction of additional railway facilities.

With the exception of the Crow's Nest Pass Coal Company, Limited, which operates mines in Eastern British Columbia, all the operations enumerated are located along the Alberta front of the Rocky Mountains and produce low and medium volatile bituminous coals commonly termed steam coals.

As an indication of the efforts made by our company members to expand and maintain markets for their products we would point out that practically all plants are equipped to a greater or less degree with coal cleaning machinery, some with air cleaning tables for small sizes, some with wet washeries or sink and float equipment, some with a combination of both wet and dry cleaning equipment. Such plants involve high capital expenditures but are a necessary prerequisite to the use of mechanical equipment for loading coal underground.

Coke is produced at Michel and Coleman in Beehive type ovens, and at Michel in a very modern by-product coking plant with Curran-Knowles ovens.

Briquetting is carried on at both Canmore and Nordegg on a comparatively large scale, at the former place almost wholly for commercial trade, and at the latter for locomotive

use. There is also a plant at Blairmore making binderless briquettes, but the product has been so far used almost solely for local supply.

The operating companies are also fully alive to the need for the development of improved methods of mining and the greater use of power and machinery in the actual production and loading of coal at the face, and in improved methods of transportation.

Coal Cutters, conveyors (shaker, chain, and belt types), conveyor loaders, and Pit Car loaders are all being used at various operations. Strip and Open cut mining is being used at two operations.

With respect to mechanization it must be pointed out that the problem is not one of simple solution. Very little of the machinery developed for mechanical loading in flat seams can be adapted to use in pitching seams such as are worked by our member companies. In addition, employees must be trained to new methods, and resistance to such changes requires time to overcome.

From the foregoing it will readily be seen that the problem of the steam coal mines is not one of ability to produce or lack of reserves, but is one of markets as this might be determined by railway and industrial consumption in Western Canada against the competition of imported coals or against the use of other substitute fuels or energy, and the extent to which Western coals may be moved to more distant markets by

such assistance as has already been granted or that may be devised.

With respect to markets we will deal in greater detail with that in Section 2.

SECTION II

Markets

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MARKETS

Before outlining our general market situation it might be as well to describe our products. We produce bituminous coals ranging from 12,800 b.t.u. to 14,200 b.t.u. Our coals run from low volatile to medium volatile and most of these are coking coals. We produce lump, washed furnace, cobble or stove coal, mine run, sized stoker coal and slack coal. Many of these sizes are cleaned either by wet washing or by air tables. Dustless treating is available at many mines either by oil treating or by calcium chloride treating. The nature and quality of our products makes them generally suitable for railroad and industrial use. Tests have been conducted by the Fuel Research Laboratories, Ottawa, and by the Research Council of Alberta on all our coals. These show some with particular suitability for coke manufacturing and the general low sulphur content in the coal and resulting coke is a decided advantage for smelting and foundry use. Our coals are also very satisfactory for stokers in industry and in addition high grindability makes them efficient for pulverized fuel use. The fusion point of ash varies at different collieries but runs from low to very high and at some pulverized fuel plants high ash fusion is necessary.

Some companies also produce briquettes of excellent quality which have proven very satisfactory for household heating and also for railroad use.

Two companies also produce coke one from beehive ovens and the other company from both by-product and beehive ovens. Coke produced is satisfactory for smelting, general metallurgical use, foundry and household use.

The market for bituminous coal can be divided into three major classifications:

1. Railways
2. Major Industrial Markets
3. General Commercial
(consisting of small industries, institutions,
apartment block heating, and household use)

Railways

The railways are the major users of bituminous coals. This railway market is of course a variable one being dependent on freight and passenger traffic and the area or mileage which the railway companies serve with Canadian coal. Railway traffic in Western Canada is of course primarily dependent on agriculture. The size of our grain crops and marketability are the barometer of freight traffic and of general business activity. The area served by our coal on both the Canadian Pacific Railway and the Canadian National Railways was gradually extended Eastward in the period 1930 to 1942 until it reached White River on the C.P.R. and Sioux Lookout on the C.N.R. In 1943 and 1944 the Canadian Railways were supplied with U.S. coal over a considerable portion of Western Canada and practically all of Ontario. It is, of course, our desire to recover this area for Canadian coal to railways.

Major Industrial Markets

Our market area is not heavily industrialized. The principal consumers of coal are:

- (a) Smelting operations at Trail, B.C.; Flin Flon, Man., and Kellogg, Idaho.
- (b) Public utilities such as Winnipeg Hydro, Winnipeg Electric, B.C. Electric, Vancouver, and Spokane Gas, Spokane, Wash., Central heating plants in Winnipeg, City of Regina Electrical Utility, Washington Water Power Co., Spokane.
- (c) General Industrial such as cement plants at Exshaw, Alberta; Fort Whyte, Man., and Spokane, Wash. -- paper mills at Kenora, Fort Frances, Dryden and Kapuskasing, Ont. -- steel rolling mills, Selkirk, Man., and magnesite plants at Chewelah, Wash.

General Commercial

Our general commercial market is primarily the supply of coal to schools, hospitals, government buildings, department stores, apartment block heating, household use, and the heating and/or operating small industries, mines, etc.

The following is a general description of our markets geographically:

British Columbia

The railways in addition to substantial tonnage of our coal are large users of fuel oil in the mountain area.

In the year 1940 they used 50,000,000 gals. fuel oil according to the Oil Controller's Report, the larger part of which was used in British Columbia. This is equivalent to approximately 300,000 tons of coal. Our industrial market is confined largely to the smelters at Trail, B.C., and the B.C. Electric Company. The latter company used practically none of our coal in pre-war days. The commercial market is largely limited to retailers and small plants and is not extensive in volume.

The freight rates on our coals to Vancouver are \$3.80 per ton from Canmore, \$3.90 per ton from the Northern Alberta bituminous mines, \$4.20 from the Crow's Nest Pass area of B.C., \$4.40 per ton from the Crow's Nest Pass area of Alberta, and \$5.60 per ton from Nordegg.

Alberta

The railways use bituminous and some sub-bituminous coal for the greater part of their operations in Alberta, with fuel oil used in part on the C.P.R. main line from Calgary west and on switch engines in Calgary and Edmonton.

On the C.N. railway, all trains west of Jasper use oil, while the main line passenger trains use oil from Edmonton west.

It is our understanding that the use of fuel oil in these sections of British Columbia and Alberta has been compelled by representations of the B.C. Forestry Department and in an effort to protect the forest areas from fires.

Shipments to industry are negligible as the urban areas of Alberta are supplied with cheap natural gas and in addition lignite mines throughout the Province are located close to all urban areas.

Saskatchewan

The railroads use coal almost exclusively in Saskatchewan but there is little industrialization. Our market is chiefly a seasonal one for heating purposes and is not large. The principal user of bituminous coal is the City of Regina Power Plant and fuel oil from local refineries provides intense competition. Up to the year 1944 there was some market for bituminous coal in Moose Jaw, but this has been almost entirely displaced, largely by fuel oil and to a small extent by lignite slacks.

Manitoba

The history of this market shows a division into two areas. The area West and North of Winnipeg has used our coals predominantly for a long period of years. This area is not highly industrialized with the exception of the mining and smelting company at Flin Flon, Man. This market area uses an average of approximately 50,000 tons of bituminous coal per year.

Eastern Manitoba including Winnipeg, prior to 1930, was almost exclusively supplied, as far as bituminous coal is concerned, from the United States. Slack coals from the United

as low as \$7.60 and \$7.70 per ton. Our coals could not compete and we felt at that time that slack coal from the United States was dumped in Canada.

On June 5th, 1930, the first subvention on our coals to Manitoba was made effective under P.C. 1257. This was at the rate of 1/5 of a cent per ton mile with a maximum of \$1.00 per ton. This excluded coal for railroad use. It did not apply to all Manitoba, but only to the area where the Minister of Mines felt it necessary. This area was Winnipeg and East. The subventions to Manitoba were frequently changed and the following is a summary. It should be noted that from June 14th 1930, subventions were applicable only for industrial use.

Order in Council	1257	June	5,	1930	1/5¢ per ton mile	Max.	
						\$1.00 per ton	
Order in Council	1400	June	14,	1930	1/8¢ per ton mile	No Max.	
"	"	"	1303	May	30, 1931	1/7¢	Max. \$1.50
"	"	"	827	April	15, 1932	1/7¢	Max. \$1.20
"	"	"	1121	May	28, 1934	1/12¢	Max. 70¢
"	"	"	894	April	5, 1936	10% of freight rate	Equal to 51¢ to 53¢ per ton
"	"	"	3970	Dec.	5, 1939	Cancellation of all	Manitoba Subventions.

This subvention policy was successful in securing most of the Winnipeg market from United States coal despite the continual changes in the assistance granted. During this period considerable modernization took place in combustion equipment in Winnipeg and environs and our bituminous coals were found to be very satisfactory. The growing use of automatic stokers for household use has presented both an oppor-

supplied with our coking coals require some attention to break up the coke in the furnace. Most householders purchase stokers with the object of only having to attend to them frequently enough to fill their coal hopper. In Winnipeg our coals when mixed with Saskatchewan lignite coal work very satisfactorily but many consumers do not like a blend of coals. Competitive Elkhorn coal from the United States is very satisfactory for household stoker use. The development of an automatic stoker which would burn coking coal efficiently without requiring the coke to be broken up at intervals would enlarge our market in this area.

This area is very competitive with Saskatchewan lignite coal but where bituminous coal is used an excellent spirit of co-operation exists between the consumers in Manitoba and our companies. In 1943 and 1944 many of our customers in Manitoba by direction of the Coal Controller had to use United States coal and we will have the problem of the recovery of this market. On the basis of present prices this would not be difficult and we have been competitive with United States coal since 1939. Our future position will, of course, depend to a large extent on U.S. prices in the post war period, and the price of Saskatchewan lignite coal. Other factors are the quantity of off-peak electricity available at low rates, the price of wood fuel, and the market for Winnipeg Electric Coke with its resultant effect on the tonnage of coal they purchase. The freight rates on our coals to Winnipeg vary from \$5.10 to

\$5.30 per ton.

When subventions were cancelled in December 1939 assistance was still paid on coal shipped to the Winnipeg Electric Company for manufacture into domestic coke under P.C. 944 dated April 26th, 1932. This provided for assistance equal to the difference in price between Canadian and U.S. coal laid down at coke plant with a maximum of \$1.00 per ton. P.C. 3637 dated May 1st, 1942, cancelled P.C. 944 and preserved the rate of assistance being granted to coke plants during the basic period September 15th to October 11th, 1941.

Western Ontario

This area between Manitoba's Easterly boundary and Fort William is almost entirely an industrial market with only a small miscellaneous tonnage shipped to retail dealers. The industrial market is confined to paper companies at Kenora, Fort Frances and Dryden. After considerable testing, tonnage first moved to Kenora in 1937 and the results were so satisfactory that sales were later made to the paper mills at Dryden and Fort Frances. This market continued expanding until 1942 when by order of the Coal Controller our shipments were discontinued. All of our shipments to this area were under subvention. The history of subventions to this area exclusive of railway use, is as follows:

<u>Order in Council</u>	<u>Date</u>	<u>Rate</u>	
1303	May 30th, 1931	1/3¢ per ton mile	Max. \$2.00 per ton
1121	May 28th, 1934	1/5¢ per ton mile	Max. \$2.00 per ton
894	April 5th, 1936	30% of freight rate	Max. \$2.00 per ton
3970	Dec. 5th, 1939	30% of freight rate	Max. \$2.00 per ton
7588	Oct. 1st, 1941	25% of freight rate	
9794	Dec. 16th, 1941	25% of freight rate	(to consumers and not for resale)
		30% of freight rate	(to dealers for resale)
4740	June 5th, 1942	For consumers and not for resale. Difference in laid down cost at point of consumption between our coal and U.S. coal	Max. 25% of freight rate

We do not consider P.C. 4740 to be practicable in enabling us to sell coal. We are unable to tell any customer in this area what our coal would cost him as the amount of subvention is undetermined. In addition the actual difference in laid down cost between Canadian coal and U.S. coal would result in the business going to U.S. coal. The convenience in having U.S. coal stored at Fort William and Duluth with delivery in 24 hours after loading at docks would eliminate necessity of stock piles by consumers as with Western coal. In addition U.S. mines by shipping specially selected premium coals could always secure this market. We believe that a definite figure of assistance will have to be worked out for this area if we are to recover our pre-war market. The freight

rates to this area from our mines vary from \$5.50 per ton to \$6.20 per ton.

In this area our principal competition is United States coal stored at Fort William and Duluth, although the Kenora Paper Mills have an electric boiler which has used a substantial amount of electricity supplied at a very cheap rate.

Railway use of Canadian coal in this area has been largely dependent on subventions.

On May 30th, 1931, P.C. 1303 granted subvention to Canadian Railways to the extent of 1/3¢ per ton mile on Canadian coal with a maximum of \$2.00 but it was only to apply on any increased tonnage used by the railways above average consumption of Canadian coal for the years 1928, 1929, and 1930.

On May 30th, 1933, P.C. 952 continued the same assistance but applied it on tonnage above consumption of Canadian coal in the years 1930, 1931 and 1932.

May 26th, 1934, P.C. 1121 made the rate 1/5¢ per ton per mile with a maximum of \$2.00 per ton and this applied on all Canadian coal used East of and including Garrick, Decimal and Eagle River. Garrick and Decimal are on the C.N.R. 70 and 77 miles East and South East of Winnipeg and Eagle River is on the C.P.R. 191.9 miles East of Winnipeg.

April 5th, 1935, P.C. 871, changed the subvention area to Garrick, Man., Decimal, Man., and Eagle River, Ont.,

on the West, and Sioux Lookout, Ignace and Port Frances on the East. These three latter points are 252.1, 271.9 and 207.7 miles respectively East and South East of Winnipeg.

April 5th, 1936, P.C. 894, granted 30% of published freight tariff rate with maximum of \$2.00 per ton when used in Manitoba and Ontario East of and including Carrick, Decimal and Eagle River.

Dec. 5th, 1939, P.C. 3970, continued the same area and rate of assistance.

Oct. 1st, 1941, P.C. 7588, defined the subvention area as Ontario and changed the rate of assistance to 25% of published freight tariff rate with a maximum of \$2.00. A substantial market was built up in this area but was lost to United States coal when our production was utilized further West.

Ontario East of Port William

By P.C. 740, dated April 24th, 1933, the Dominion Government provided a subvention of \$2.50 per ton on all Alberta coal exclusive of railway coal where the freight rate was \$8.00 per ton or higher.

By P.C. 3286, dated January 4th, 1939, the shipping area was enlarged to include the Crow's Nest Pass district of British Columbia.

P.C. 7588, dated Oct. 1st, 1941, consolidated the previous orders leaving the rate unchanged.

Railway companies have a flat freight rate of \$8.00 per ton which applies to all of our market area East of Fort William. The purchasers of our coals in this area therefore paid a net freight rate of \$5.50 per ton. This resulted in our coals being competitive with U.S. coals only where a fairly long rail haul was necessary on the U.S. coal. In consequence we made little headway in this part of Ontario except in the Kapuskasing, Timmins and Kirkland Lake districts. There we were able to supply the paper mill at Kapuskasing and gold mines in the Timmins and Kirkland Lake districts. The customers we developed were well satisfied with our products and progress was being made in this area. Our competition in Timmins and Kirkland Lake was with United States coal which is docked at Midland and Little Current. The gold mines use coal primarily for heating purposes and the size most commonly purchased was stoker coal. High grade stoker coals from the Elkhorn field of Kentucky as well as excellent quality Pennsylvania coals were the principal United States coals supplied. At Kapuskasing the mill used a large tonnage of coal in pulverized fuel installation as well as a good tonnage of stoker coal for miscellaneous operations and heating jobs.

The Canadian Railways received subvention to this area under P.C. 7588 dated December 16th, 1941. This is similar to assistance granted in Ontario West of Fort William and was previously referred to, being 25% of freight rate with

a maximum of \$2.00 per ton. The C.P.R. have used our coals in this area as far East as White River but the Canadian National Railways have not used Western Canadian coals East of Port Arthur. We wish to express our appreciation of the action of the Canadian Pacific Railway Company in using our coals in this market and we trust their co-operation in this regard will be continued.

United States

Our Collieries in the Crow's Nest Pass area are geographically in a position to supply parts of the States of Washington and Idaho. In the State of Washington the area in which we are normally competitive is known as the Inland Empire with Spokane as its central point. In this area our coals are better suited for industrial operations than available United States coals. This area secures United States coal from the Roslyn field in Washington and from Utah, Wyoming and Montana. The Washington coal is not as high in quality as we produce and reaches Spokane with a slack coal freight rate of \$2.50 per ton while freight rates on slack coal range from \$2.29 to \$2.40 per ton from the Crow's Nest Pass area. From Utah both coking and free burning coals are available and we are able to compete with the quality of this coal. Freight rates to Spokane on slack are \$4.45 per ton from Utah. Coal from Wyoming is free burning, sub-bituminous, both strip and deep seam mined. This coal is particularly

utilized in the household heating market, being suitably free burning for the domestic stoker trade as well as a satisfactory furnace coal. Slack freight rates to Spokane vary from \$4.45 to \$5.05 per ton. Coal from Montana is also satisfactory, sub-bituminous and lignite, free burning and comes from both strip and deep seam mines. The coal is a satisfactory stoker and household fuel and the slack freight rate to Spokane is \$3.86. Our general market situation in this area is that we supply most of the heavy industrial field but have only a very moderate share of the general commercial and household trade, and in this latter is mostly used for blending with free burning U.S. coals.

However, in this area, there is some uncertainty as to the future. Mines in Western U.S. are now developed to an annual production capacity of 32 million tons, and some of the mines of Wyoming, Utah, and Colorado are now highly mechanized. This tonnage appears to be very much higher than the pre-war consumption of the area, and may provide, in post war years, a very serious threat to the business we have enjoyed.

In the Western half of the State of Washington we had negligible business prior to the outbreak of war and during the war any movement to Seattle has been primarily emergency shipment for ship bunker purposes. Some of our Northern mines were also able to ship coal for this purpose but this whole movement has been a most erratic one. Various small

mines are in operation in this area with freight rates from \$1.03 to \$2.00 per ton into Seattle. Oil is also used extensively all over the State of Washington and in 1937, being the last year for which figures are available, 11,688,000 barrels of oil were consumed. This is equivalent to approximately 3,000,000 tons of coal. According to the State of Washington Mines Inspector's Report, in the year 1936 wood and wood products were utilized equivalent to 500,000 net tons of coal.

In the State of Idaho we ship coal to the metal mining district East of Couer d'Alene. This is largely used in smelter operations. Competitive sources of supply from the United States are the same as for the Inland Empire area in the State of Washington.

General

We do not see any major opportunities for market expansion in the United States, British Columbia, Alberta, Saskatchewan or Manitoba unless there is industrial development in these areas beyond present public knowledge.

From the foregoing analysis of our markets and based on our experience over many years, it is our conclusion that the market area we could serve without tariff or government assistance would commence directly West of Winnipeg and extend to Vancouver in the West, and would include the Inland Empire in the State of Washington and the metal mining area in the State of Idaho. With tariff duties on imported coal as at

present but without any other government financial assistance we believe this area might be enlarged to include the City of Winnipeg. This would, of course, depend on the maintenance of reasonably fair prices on United States coal. If the chaotic conditions that were in effect on United States coal prior to 1930 were to return we doubt that we could hold our market.

The market we obtained in Ontario both railway and commercial was an expanding one at the outbreak of war but we are convinced it can only be recovered by government assistance.

We would again draw your attention to the use of oil burning locomotives in mountain areas. We cannot ignore the growing use of Diesel powered locomotives in the United States. The following is a copy of a press report appearing in a Vancouver paper under date of January 29th of this year:

"C.N.R. to Run Diesel Engine Trains Soon"

"Hints that British Columbia might soon see Diesel locomotives hauling crack passenger trains through her mountains were dropped by Norman B. Walton, executive vice-president of Canadian National Railways, on his arrival here today from Vancouver Island.

"The company, Mr. Walton said, is now using motorized switching engines with good results and diesel-electric passenger locomotives, he added, are now available in United States.

"The CNR official emphasized that internal-combustion engines, now extensively used south of the border on featured trains, are speedy and more economical than steam-driven equipment.

"Because new possibilities for improvements and refinements in passenger trains are a receding horizon,

exact style of the post-war passenger train is not set, but the national rail system is experimenting in new sleeping car styles offering greater space, Mr. Walton reported.

"This, he explained, appeared to be the public demand."

In 1922 coal furnished 91.4% of all fuel for class one railroads in the United States while in 1943 the percentage had fallen to 81.8%. In the years 1939 to 1943 inclusive class one railroads in the United States purchased 3,184 diesel locomotives and 1,424 steam locomotives. Diesel manufacturers in the United States have sounded the theme over and over again that diesel power is the modern power. They tie up diesel locomotives with the age of speed and comfort and have co-operated with railroads in advertising campaigns which almost imply that unless people ride on diesel powered trains they are being supplied with antiquated transportation. There is definite room for a merchandising job on modern steam powered locomotives conveying to the public many of the advantages which are available with this form of power. "Coal Heat", a stoker magazine published in Chicago, has in its February 1945 issue a description of the new type of coal burning steam locomotive completed for the Pennsylvania Railroad. Extracts from this article show that it is the first direct drive steam turbine locomotive ever built in the United States, and is now undergoing tests to determine the adaptability of this type of engine to long distance high speed

passenger and freight service.

"A product of continuing research and development, the engine was designed and constructed by the Baldwin Locomotive Works and the Westinghouse Electric and Manufacturing Company, in collaboration with the Pennsylvania Railroad.

"The purpose of developing the new steam turbine locomotive is to eliminate the reciprocating parts of the conventional steam locomotive, obtain a uniform flow of power to the driving wheels, and obtain the economies inherent in a turbine for railroad motive power. The turbine is designed to develop 6900 shaft horsepower, providing power at the tender coupler sufficient to pull a full-length passenger train at 100 miles per hour and high class freight trains at high speeds.

"In addition, construction is progressing at the railroad's Altoona, Pa., works on twenty-five newly designed multiple-cylinder freight locomotives of the type Q-2, recently announced. The first of this order has been delivered and is already in operation."

When railroads purchase diesel powered locomotives it is exceedingly difficult to ever get them back to coal because of capital investment involved, together with elimination of coal handling facilities. It is therefore of the utmost importance for the maintenance of our industry that coal continue to operate our railroad locomotives in an efficient and dependable manner.

In order that there may be no misunderstanding regarding government assistance for extension of markets to our industry we would like to point out that subvention funds are paid directly to the railway companies or to the customer as an offset against freight charges.

The household market presents a great opportunity for modern merchandizing methods provided suitable equipment is available for the automatic burning of coking coals. Modern stream lined advertising is building up in the minds of the public a belief that new scientific and technical discoveries will provide them with vast improvements in such things as automobiles, radios, refrigerators and plastic furniture. Coal must, to retain its position, let alone improve it, be offered in this atmosphere by utilizing modern methods and it must be sold by efficient merchandizing and advertising.

We appreciate that modern household equipment has made considerable changes in recent years and this becomes a post war problem for our industry when new equipment may be available. We appreciate that we will be required to collaborate with manufacturers of such equipment and also take part in such advertising as may be essential to properly place this before the coal consuming public. This matter was effectively presented at the sittings of your Commission in Nova Scotia, and we have no desire to attempt duplication with respect to this.

We believe also that coal salesmen and retail coal merchants will require to be trained sufficiently in combustion to be able to offer expert service and advice to the general public.

The co-operation of equipment manufacturers, coal producers and retail merchants will be necessary in such a program.

Briquettes

In the foregoing we have dealt with coal.

Briquettes manufactured from bituminous coal have also established a market for household use from Vancouver to Toronto and for railway use in Western Canada. The volume has grown steadily, without Government assistance from British Columbia to Manitoba, and with subvention aid in Ontario. While in the latter province, the tonnage during the war years went to a considerable extent to military establishments, sufficient volume was supplied for household use through ordinary commercial channels to warrant the conclusion that with continuance of the subvention policy the market, at present out of bounds, can be recovered and increased in peace time.

Coke

The coke market is practically entirely of an industrial character. The largest consumer is Consolidated Mining and Smelting Company, Ltd., Trail, B.C., and the next in volume is Bunker Hill Smelters, Kellogg, Idaho. The balance of our coke market is made up of comparatively modest tonnage to the sugar beet industry and individual cars as required to shipyards and foundries in the area from Vancouver

to Winnipeg, as well as Seattle and Spokane in the State of Washington.

Statistics

To examine the actual statistical position of our markets we have prepared several statements and maps.

Number one statement deals with Alberta coal only and shows total production for the years 1930-1943 inclusive. It also tabulates the tonnage of bituminous coal each year and the men employed so that the relative position of our production to the coal economy of the West may be noted.

Statement Number two shows the total production of our member companies for the years 1930-1943 inclusive with the distribution of all coal used for colliery and ancillary operations with the net difference being tonnage available for sale as shown in the final column.

Statement Number three shows the distribution of our sales from 1930 to 1943 inclusive and statement No. 3A shows total sales, average annual sales and percentage of total sales for the period 1930-39 inclusive, 1940 to 1943 inclusive and for the year 1943.

In examining statement 3A it will be noted that railway purchases were 76.85% of total sales in the 1930-39 period and 71.73% of total sales for the 1940-43 period, while in the year 1943 they were reduced to 57.19% of total sales. While the percentage of total sales was lower during the four

war years compared with ten pre-war years, purchases averaged 1,046,695 tons per year more. In 1943 however sales to railways dropped 657,919 tons below the four year average 1940-43. Examination of sheet 3A discloses the diversion of our tonnage Westward in that year. Every Western Province that year purchased a greater tonnage from us than either the 10-year pre-war average or the 1940-43 average. In addition the U.S. required a large tonnage of our coal in the States of Washington and Idaho and most of this was war business of a temporary nature. This diversion of our coal from Ontario and from the railways to Western Canada and to the United States was considered necessary by the Coal Controller, and it was at his request that it took place. This was against the desires of our companies who had to reduce shipments on their regular railway contracts, and which eliminated our Ontario market. The war portion of our exports to this market is now practically terminated.

We submit herewith Map No. 1 showing geographically our average distribution for the years 1930-39 with the exception of railway coal, which is shown as a total figure. This map also shows the days work available if we had to return to that total market with our present production which requires a daily sales market of 14,500 tons. It also shows the tonnage and days work that resulted from Ontario shipments under subvention. It should be noted however by examining statement 3 that the Ontario market was expanding and the 10-

year average does not represent the position in 1938 and 1939.

Map No. 2 gives the same information as No. 1 but for the period 1940-43, while Map No. 3 covers the year 1943. It should be noted in connection with Map No. 2 that sales to Ontario were terminated before the expiration of 1942 and our sales were increasing substantially in 1940 and 1941. Statements 3 and 3A together with Maps 1, 2 and 3 show our overwhelming dependence on the railway market. In the years 1930-1939 our average commercial sales would only represent 37 days work per year at present sales levels of 14,500 tons per day. As outlined previously we are not aware of any developments which would increase our pre-war commercial market unless by generally increased requirements of present industry or by sales to the Ontario market.

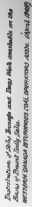
We also attach hereto statement 3B showing the distribution of briquettes. This shows clearly the increasing importance of briquetting and the extending use of this fuel by railways.

Statement 3C shows a consolidated distribution of our coal plus briquettes.

Statement 4 shows the distribution of "Coal and Briquettes sold to Railways" and is a breakdown of the Railways column in 3C. This breakdown clearly emphasizes the overall percentage of total sales to the separate railways from mines located on each. It will be noted that there is consistently higher percentage with Canadian National than with Canadian Pacific.

	Total Sales	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	United States	Canada Total	Total Continental	Balance
Year - 1935-1939	25,161,649	1,352,696	658,618	795,840	1,461,888	1,461,616	608,899	8,680,119	8,680,119	17,481,530
Year - Annual Average, 1935-1939	8,387,253	450,899	219,539	265,280	487,296	487,208	202,966	2,902,128	2,902,128	5,485,125
Percentage to Total Sales		5.36%	2.86%	3.43%	5.81%	5.81%	2.41%	34.26%	34.26%	65.74%
Year - 1940-1949	18,708,796	1,199,664	646,868	808,179	1,075,648	875,978	1,011,081	4,888,248	4,888,248	13,820,548
Year - Annual Average, 1940-1949	6,236,265	399,888	215,623	269,393	358,549	291,993	337,027	1,603,798	1,603,798	4,632,467
Percentage to Total Sales		6.43%	3.46%	4.32%	5.43%	4.68%	5.41%	25.88%	25.88%	74.12%
Year 1945	8,704,979	617,077	189,001	117,678	347,894	-	885,818	1,842,848	1,842,848	6,862,131
Percentage to Total Sales		7.08%	2.18%	1.35%	3.99%	-	10.06%	21.17%	21.17%	78.83%

Four/None Awarded: 100 to 103



Through the courtesy of both railways we have been provided with figures covering purchases by them from our mines, and while there is some discrepancy between our figures and those supplied by the railways, these differences are not such as would materially affect the general conclusion.

Statement 5 deals with the production and distribution of coke as separate from all other operations.

Our position with regard to post-war markets can be stated as follows:-

1. Railway requirements normally constitute over 70% of our production. We recognize that in Western Canada, these requirements are governed to a large extent by the size and marketability of the crops. The result, a natural one, is considerable variation in the takings from year to year, and similar variation in the employment afforded. The major factor presenting the possibility of relief, both as to the variation and the maintenance or improvement of tonnage, is the distance Eastward the Canadian Railways could use our coal.
2. Extension of the use of fuel oil by Canadian Railways would mathematically reduce coal requirements from the mines. One need hardly emphasize its effect on the industry, not only from the standpoint of lost tonnage but from the inescapable impression created that the industry was a declining one.

We suggest that a complete investigation be made as to

economies or otherwise that are effected by the use of fuel oil in the areas in which it is now used, with a view to showing any definite advantages in the use of one or other fuel to the railways, the mines and the country generally.

We would further suggest that no extension of the area in which fuel oil is used should be made, particularly insofar as fuel oil is imported in competition with Canadian produced coal.

3. At the present time we can compete in the Manitoba market without Government assistance but future prices on U.S. coal could change that condition.
4. We cannot compete in the Ontario market either for railways or commercial use without Government assistance. This could be an expanding market particularly if adequate subventions were available for a period of years to assure continuity of supply to the consumer.
5. We do not see much greater opportunities for commercial sales of our coal in Western Canada and the United States than in pre-war years.

SECTION III

Subventions

See "Markets", pages 19, 22, 23,
24, 25 and 26.

SUBVENTIONS

Subventions in their application have already been dealt with extensively under Marketing, and with respect to the effect on employment, under the statistics and maps provided.

It would be extremely difficult, if not impossible, to assess the general financial benefits to the coal companies concerned, as it must be kept in mind that they do not receive subventions, these being paid to the customer or railway as an offset against freight rates.

The additional tonnage secured by the operation of subventions will by that much increase the working time of a colliery, and as a result will reduce the overhead cost per ton, but a study of the realization per ton to the companies would show that the general result of effecting savings in cost is passed on to the customer in the form of reduced price and in the hope and effort to increase purchases and the area in which the coal may be sold.

With respect to the need for subventions, we believe that the effects on employment justify them, and our position in the matter is that subventions should be provided in the areas in which they formerly operated and to the extent and in amounts that will keep Canadian coal in a favorable competitive position with imported fuels.

There is also definite need for stabilization as to time. In the past, subventions have been varied in amount

without prior consultation. They have also been varied as to time for various reasons, one of which has been the amount provided for this purpose by budget has been used up and could not be continued. It is obvious that this variation in application should be prevented and should be definitely set out by statutory provisions for as long a term as possible. It is obvious that where contracts are entered into for the supplying of coal to a customer through a period of a year and in certain definite weekly or monthly quantities, that a dislocation of the seller-customer relations can take place where subventions are discontinued on short notice, and this may occur at a time when a customer would not be able to purchase other coal. He would thus be penalized by having to absorb such amount as he had formerly received as subvention. This position makes it difficult to persuade prospective customers to enter into contracts for Western coal, and could be remedied as we have already suggested.

SECTION IV

Government Controls

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DOMINION FUEL BOARD

The Dominion Fuel Board, which was set up in 1922 composed of officials representing departments of Governments already engaged in the study of fuels and fuel problems, expressed its own conception of the functions to be the duty of advising upon, extending and supplementing the studies and investigations already in progress, looking to a solution of those problems.

It further expressed the view that it -

"cannot assume as its functions the formulation of a national coal policy, for this is a prerogative of Government, and any such policy so far as it concerns complete fuel independence must be determined largely by questions of national expediency, based however upon the most complete and accurate knowledge of all technical and economic facts obtainable."

In 1923, a Resolution was introduced in the House of Commons expressing, in part, the view that -

"in the opinion of this house, the time has arrived for Canada to have a National Policy in relation to its coal supply, and that no part of Canada should be left dependent on a United States coal supply."

The select standing committee on Mines and Minerals, to which the Resolution was referred prefaced its report and recommendations with the following statement:

"One statement may be made without any hesitation, that is, it is absolutely necessary that every step possible should and must be taken at once by Canada through its Government, its transportation companies, its coal operators and manufacturers of other fuels, to make Canada independent of other countries for its fuel supply."

The Dominion Fuel Board, while unable to itself formulate a policy, was nevertheless apparently starting out

with the blessing of Parliament on its securing all the necessary information to enable Government to do so.

In its report in August 1928, it says among other things:

"Manifestly coal cannot be hauled 2000 miles from Alberta to Ontario at a cost lower than that of carrying it 500 miles to the same market from Pennsylvania and Virginia."

We appreciate that the question of making Canada self-sufficient in the matter of coal supply is not simply one of granting assistance, though that of itself may be a difficult problem, but must also be one for deep consideration on the part of higher government levels because of the fact that the central Canada markets have been supplied by U.S. Coal, and in periods of emergency the assistance of the U.S. Government has been sought in order to guarantee the necessary supply.

We appreciate also that the Fuel Board would be faced with many and serious difficulties with respect to this matter and this Association does not wish to raise any quarrel with the Board on this account. We cannot but conclude, however, that government has seen no reason to view this matter from any other standpoint than that of straight competitive business, except to the very limited extent to which the subvention policy may have attempted to offset straight competition in coal supply.

As to the Board's duty in the study of fuel and fuel problems in its technical aspects, and the publications on

these matters, we have a high appreciation of their usefulness -- they are valuable in character and voluminous in detail. In the opinion of this Association these publications should be maintained and expanded so that greater knowledge of the uses of coal and of the most modern methods of utilization may be made available to the industry and coal consumers through channels where opportunities for investigation make their findings most authoritative.

During the war years the functions of the Board have been merged with that of Coal Control, and even prior to the war the Dominion Fuel Board had ceased to function as a Board because of removals and deaths. The work of the Board then seemed to be concentrated upon the Secretary who could act according to his discretion and within the regulations, or not act by disclaiming authority.

We would suggest that when the necessity for the Coal Controllor's office and the Emergency Coal Production Board may cease, that the Dominion Fuel Board should be re-constructed as an active aid to the coal industry, and we would further suggest that a proper coal operator representative should be included thereon.

COAL CONTROL

While we have fully appreciated the necessity under wartime conditions of a Coal Control authority we are not satisfied that this Control has always been well informed, and this fact has involved decisions being made affecting the industry that have not always been in accord with the facts of the case.

Changes in authority and terms of reference have also made it difficult at times for us to appreciate the intention of the Government as expressed through this authority. We also fully appreciate the many divisions of authority outside of Coal Control that have affected this industry, and in many of these matters, particularly with respect to labour relations and labour supply, Coal Control has rendered assistance in difficult circumstances.

Under the original terms setting up the office of Coal Administrator it was accepted in principle at least that the purpose of the authority was to insure by all means in his power, continuity of coal supply. The intention as expressed personally by the Coal Administrator, however, was to definitely discourage increased production capacity by the expansion of mining operations in their ability to produce, apparently through fear that such expansion would only serve to aggravate our post-war problems. More recently the attitude of the Coal Controller has been that

the authority conferred upon him by the terms of reference were only those contingent upon a shortage of supply, and where, as has been the case in the West, the mines have been able to produce more coal than could be consumed in the given area, the Coal Controller did not conceive that he had any special obligation to the industry, quite regardless of any dislocations in markets his actions may have produced.

It appears to have been overlooked that in addition to setting up a control with emergency powers to maintain supply, a further obligation to maintain production was implicit in transferring the authority of the Fuel Board to the Coal Control. Some of the things that have been done in this connection may be pointed out:

Immediately prior to the war and by the assistance of subventions, Western bituminous coal had reached into Western and some sections of Northern Ontario, and, as has been pointed out under the section on Marketing, railway coal was being used East of Fort William. Because of increased Pacific Coast requirements and inability to procure sufficient coal from Canadian Coast mines, as well as mines in the Western United States, the Coal Controller allocated portions of our coal to the Coast area and cut off all shipments to the Ontario market.

It is also our understanding that he required the railways to purchase greatly increased quantities of U.S. coal for the Head of the Lakes, this being of the order of

two million tons in each of those years.

In 1943 U.S. coal was being used in Saskatchewan by the railways. In December 1943 it became obvious that the requirements on the Pacific Coast had diminished almost to the vanishing point but no adjustment was made with respect to the importation of U.S. coal into the Head of the Lakes area for 1944.

The Coal Controller visited the West early in February of 1944 and this matter was then drawn to his attention, at which time he promised further investigation, and proceeded to the Pacific Coast for that purpose. It was discovered that some 740,000 tons, which had been assumed the Pacific Coast area would require, would be shown to be surplus coal and we were advised the railways were requested to absorb this. However, the railways were already committed to the importation of U.S. coal and at the same time the Transport Controller, because of the movement of wheat, had insisted upon car supply being diverted for that purpose, which made it impossible for railways to move the surplus coal East. An effort was made by the railways to absorb this surplus from bituminous mines and, while this was particularly limited because of car shortage in the case of the Canadian Pacific Railway, both railways have attempted to carry out the request by putting coal in reserve dumps in the Western provinces.

Even with this arrangement considerable time was lost during the year 1944 and early in 1945, attributable either to shortage of car supply or lack of orders.

With respect to the stocks of coal that are now held in the West resulting from this policy, we have no definite information, but we view with some alarm the procedure followed, because we believe that if and when the railways decide to use this reserve coal, our operating time must necessarily be affected.

We fully appreciate that it is not always possible to obtain absolutely correct information and this is particularly true when one is compelled to make estimates as to possible requirements, but we feel that the full responsibility for conditions arising out of these matters should not now be left for the companies to bear themselves.

With respect to assistance given by Coal Control to the industry we freely admit that the Coal Controller has in general accepted such responsibilities as were directly traceable to Government policy, and he has in a large measure reimbursed companies whose costs were adversely affected by these policies, particularly such as have been directed towards meeting the demands made by labour. Some exceptions to these cases will be treated under "Labour Relations".

Where the need for such further assistance has

developed and has been given, this has been made dependent upon the inability of the company to carry the increased costs rather than upon the justice of the case, and unless and until any company could show that it was threatened with bankruptcy the need for such further assistance would not be recognized.

In any case such assistance as has been given has in general been based upon the full-time operation of the mines, and this of itself raises a serious question when we consider the post-war situation, because with any reduction in markets and necessarily a reduction from full-time operation, it is obvious that the additional cost burdens imposed will have to be met on a smaller tonnage and with the obvious result of increasing costs without a parallel improvement in revenue.

We believe we face a period of readjustment and so long as we have controls exercised by Government authority, this industry should be consulted prior to administrative action being taken.

EMERGENCY COAL PRODUCTION BOARD

The Emergency Coal Production Board was set up under P.C. 10674 of November 23rd, 1942, and as its name implies, was for emergency purposes. The terms of reference have been frequently interpreted as confining their actions to obtaining a sufficient fuel supply in the critical fuel areas and of disclaiming responsibility where there may be surplus coal in the areas allocated to Canadian mines.

We have repeatedly made requests that a proper representative of operating interests should be placed on that Board but this request has been repeatedly denied, though a representative of labour has been on the Board from its inception.

We still firmly hold to the opinion that the operating end of the Canadian Coal Industry should be represented on the Board, and that the continual refusal is an exception to a policy which has recognized the employing side in almost every other important industry in the Dominion.

SECTION V

Labour Relations

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LABOUR RELATIONS

With respect to labour relations we have covered these for the long term in the section dealing with the history of our Association.

From January 1940, when the United Mine Workers of America served upon this Association a request to join in asking the Government to set up a Cost of Living Commission, to February 1944, when Government Regulations providing for cost of living bonus were rescinded, adjustments were made by such Bonus payments, and a condensed summary of these adjustments and methods of recovery is here given:

1st Award - 18¢ per day in effect January 1st, 1941 to August 31st, 1941. This was recovered by a
(18¢) price adjustment. On Railway coal this was 5¢ for Cost of Living Bonus and 2¢ for material costs.

2nd Award - 28¢ per day in effect September 1, 1941, making a total of 46¢ per day. This 28¢ per day was allowed to be passed on to the customer and was to be shown as a surcharge separate from the normal price. The basis used by Coal
(46¢) Administrator was steam coal production of 4 tons per man-day. This was slightly too high a figure to use. We also protested that no allowance was made for Workmen's Compensation assessment.

3rd Award - 15¢ per day in effect November 15, 1941 by P.C. 8253, making a total of 61¢ per day.

Under date March 2, 1942, Form F.1 was put out by Coal Administrator with instructions. It set rates of assistance which included Workmen's Compensation Board assessment retroactive to September 1st; ordered the Surcharge to be discontinued as such and included in the normal price, but to be accounted for on the return. This took care of the 2nd and 3rd awards.
(61¢)

4th Award - 10¢ per day in effect August 15, 1942, making a total of 71¢ per day. By circular letter of

(71c) April 27, 1943 the Coal Administrator continued the former arrangement by Form F.L.A. and adjusted the Workmen's Compensation Board assessment rate to 10% retroactive to January 1, 1943.

5th Award - 6¢ per day increase in effect November 15, 1943
(77c) by order of the National War Labour Board under P.C. 3253 and taken care of as above until February 15, 1944, when P.C. 9304 becomes effective.

In addition to this short summary we had already prepared a more lengthy review of these matters, including a review of the negotiations with various Government authorities pertaining thereto and copy will be provided to the Commission as an exhibit.

In addition to such changes as have been brought about by the foregoing Regulations, application to the National War Labour Board by the United Mine Workers of America, District 10, of date January 13th, 1943 (granted July 2nd, 1943) resulted in upward adjustment of payment for overtime at time and one-half in categories not previously included, and time and one-half for Sundays and Holidays, or for the seventh day in cases of continuous employment as the case might be.

These changes were made without any compensating adjustment in coal prices or assistance.

In 1943 the United Mine Workers, notwithstanding the Agreement then in force nor the Government regulations, made demands on the Association for increased wage rates,

holidays with pay, and extension of overtime payments to include the sixth day worked, and, as a result of the findings of a Commission under the Chairmanship of Mr. Justice O'Connor, wage rates were increased by \$1.00 per day, together with the granting of two weeks' holidays with pay under stated conditions.

Provision for recovery of the cost was made through the Wartime Prices and Trade Board, though we are now placed in the anomalous position that with less working time our employees can more easily qualify for holidays with pay and the increased cost will have to be carried on less production.

Our present position as affected by the foregoing matters is that we have reached an all-time high on wage rates.

To show the immediate effect on the industry we have prepared a statement which, starting at the year 1926, shows a comparison between our standard day wage rate, including the Cost of Living Bonus when this applied, the realization per ton of coal, as well as the Cost of Living Index figures.

Relation of Miners Basic Wage Rate
to Realization Per Ton

Year	(1) Day Rate	(2) Realization Per Ton	(3) Ratio	(4) 1935-1939 Base Cost of Living Index
1926	5.20 & 5.40	\$3.6116	1.44	121.8
1927	"	3.5945	1.45	119.8
1928	"	3.5750	1.45	120.5
1929	"	3.5902	1.45	121.7
1930	"	3.5079	1.45	120.8
1931	"	3.4149	1.51	109.1
1932	"	3.3737	1.54	99.0
1933	"	3.2451	1.60	94.4
1934	"	3.2585	1.60	95.7
1935	"	2.9980	1.73	96.2
1936	"	2.9325	1.77	98.1
1937	"	2.9060	1.79	101.2
1938	5.40	2.8697	1.83	102.2
1939	5.78 & 6.18	2.8226	2.05	101.5
1940	"	2.8174	2.05	105.6
1941	6.00	2.9199	2.05	111.7
1942	6.35	3.0385	2.09	117.0
1943	6.49 & 6.89	3.1576	2.05	110.4
1944	7.55 & 7.95	3.7138	2.15	126.7

The foregoing statement gives a comparison between the basic day wage rate (1) for a miner taken to Co Company work, and the realization (2) per ton of coal on all coal shipments. The rate is taken for convenience, but had the minimum day wage rate been used, a greater variation would result.

The Ratio (3) shows in any year how many tons of coal it required to pay that particular rate and how this figure has grown progressively. It should also be noted that this was the case through the depressed years and that during that time no attempt was made to adjust this by

reducing wages.

The Cost of Living Index figure (4) also indicates the measure of real wages.

We regret that we have been unable to carry these figures forward through 1944, as there has been a decided rise in realization together with the rapid rise of wage rates.

We would suggest that Coal Control be requested to supply the information to the Commission to complete this statement and to provide a correct picture to the end of 1944.

We have no desire to reduce the standard of living achieved by our employees, and if this is to be accepted as a desirable objective from all viewpoints, it can be accomplished only by maintaining to the mines approximately steady employment.

With respect to the general Regulations for the Control of Wage Rates and Labour Relations we raise no question as to the necessity or otherwise for these; we would, however, point out that where extended privileges have been granted they should be accompanied by parallel responsibility.

Collective Bargaining has been within the experience of our Industry for a long number of years, and with that experience we cannot say that it gives any guarantee of continuity of operations.

In connection with these matters we are taking the liberty of quoting from a Brief submitted by our Association to the National War Labour Board and which will be found on

Page 872 of the Official Report of Proceedings, No. 9 of
June 3rd and 4th, 1943:

"Statutory regulations should be so designed as to achieve the necessary control in such a way as to not disturb normal established arrangements between the parties and so as not to permit either of the parties violently to disturb them to the detriment of the national purpose. This having been done, such regulations should be impartially and fearlessly enforced, which in our experience has not been done."

"It does not appear consistent that an employer be compelled by statute and Regulation to do certain things repugnant to himself unless there is a parallel control of strike or precipitate action."

"Agents of employees, as well as the employees themselves, should be held accountable in the same manner as accredited representatives of incorporated companies for breach of established law, and this is not suggested as a weapon of persecution but one of simple justice."

I believe that if collective bargaining is to continue to be the means by which wage rates and labour relations are to be determined, then a higher regard for honest and faithful performance must be developed, and responsibility for carrying out agreements arrived at should properly be placed upon all parties to such agreements.

SECTION VI

Taxation

TAXATION

Regarding taxation, we have no complaint to register so far as the wartime taxes imposed by Government upon the nation generally have fallen in their proportionate share on the Coal Industry. They are made under conditions and for a purpose which are of paramount importance to the future of all our industries and ourselves.

We do feel that the imposition of new tax laws and of increased impositions under old laws should be regarded from the same standpoint as that which prompted the Dominion Government to set limits to wages and prices.

The Dominion Government in doing so recognized that adjustments would be necessary under certain circumstances and made them in the interest of maintaining the policy accepted by most Canadians as a wise and necessary one. It seems paradoxical that while the Federal authorities are granting assistance to maintain this structure, companies should be called upon to pay out larger amounts for taxation and other assessments, which in our opinion could well wait the advent of more settled conditions and times.

SECTION VII

Control over new operations

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Control Over New Operations

The need for exercising a measure of control over the opening of new properties has long been recognized in Alberta. As long ago as the year 1919 a commission was set up under the Chairmanship of Mr. John T. Sterling, then Chief Inspector of Mines, to conduct an Inquiry into the Coal Industry, and in the published report we find, -

"Recommendation No. 5:

"That before mining operations are commenced, the advisability of opening a mine in any particular field, as well as the question as to the amount of capital required to open in that field, be referred to and approved by the said Commission, and that the administration of the regulation passed by Order-in-Council P.C. 2303, by the Federal Government, a copy of which is herewith attached, be vested in the said Commission."

Another Commission in 1925 under the Chairmanship of Mr. H. M. E. Evans reported upon the need for, as also the difficulties of control.

The report of Commissioner the Rt. Hon. Sir Montague Barlow, in 1935, also says, -

"It is clear that a definite policy regulating the control of opening of new pits is desirable,..."

An Inquiry under the Industrial Disputes Investigation Act under the Chairmanship of the late Mr. Justice McGillivray, the published report of which is found in the Labour Gazette of January 1939, also dealt at length with this matter and referred to there being "too many mines and too many miners", and suggested the consolidation of some of the operations.

We fully appreciate the difficulty inherent in any proposals for control to the point where privately owned coal lands could be held inactive, but Government policy for a number of years has been to at least discourage the opening of new mines. This policy has recently been changed with respect to lands that were under the control of the Crown, and reference to this can be found in the Alberta Gazette for August 31st, 1944, on page 757 (Vol. 40, No. 16).

We can agree that it would be difficult for any Government to refuse permission to develop any of the Natural Resources of the Province where individuals or corporate bodies are willing to risk private funds in the development, but we consider it quite within their authority, in view of the possibility of new developments bringing about a renewal of the former uncertainties of operation, to retard or even to refuse permission to start developments on new properties until such time as it becomes apparent that expansion of production to meet new market requirements is necessary.

Insofar as the Dominion Government may be able to exercise some control in this matter we would suggest that they would also accept our views with respect to control.

Some control also may be exercised by returning to the original subvention provisions.

By P.C. 3064 dated April 20th, 1943, Section 6 of Order-in-Council P.C. 7588 was suspended until the expiration of three months after the cessation of hostilities of the present war. Section 6 reads:

"The assistance shall apply only to shipments of coal from coal mines or coal properties operating under requisite permit and shipping coal prior to December 31st, 1930."

This Order in Council covers assistance for both commercial and railway sales in the Province of Ontario.

Whatever may have been the intentions with respect to this Order in Council, the end result is that operations which may have commenced during the war period or in connection with which attempts to organize are now being made, subventions have been made available to them for such coal as it may be possible for them to ship as the result of operations that can be or have been commenced before the expiration of the war.

While appreciating the provision that sets a terminating limit, we also are of the opinion that where an operation may have started and received subvention assistance, there can be arguments adduced to assure its continuance, and so aggravate competition for the restricted markets which we anticipate we may find in the post war period.

We would suggest that P.C. 3064 be rescinded.

SECTION VIII

Future of the Industry

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Mechanization

Much thought is being given to complete mechanization as a means of improving the tons per man, and so improving the general conditions of the Industry with respect to prices and wages.

By complete mechanization we mean the application of power driven machinery in the process of cutting, drilling, loading and transporting the coal, with the use of explosives for breaking down the coal.

The American Bituminous Mines lead the world in the matter of underground mechanization, and it may be asked why the Western Canadian Bituminous Mines have not followed their example on a larger scale.

However, even in the United States, underground mechanization has not been a cure-all, has not been found applicable everywhere, and there is in addition many natural or man-made obstacles in Western Canada.

Figure 10 and Table 14 of the U.S. Bureau of Mines "1238 Survey, shows that machine cutting started at a much earlier date than mechanical loading, which is recorded only from 1923 on.

Year	Percent cut by machine <u>Underground</u>	Percent loaded Mechanically <u>Underground</u>	Total tons per man per shift <u>(including strip mines)</u>
1920	60	0	4
1923	68	0	4.7
1932	80	15	5.3
1936	84.8	16.3	4.62
1939	87.9	31.0	5.25
1943	90.3	48.9	5.38

"Tons per man per shift" should be corrected, especially in the latter years, for the increasing tonnage of coal mined by stripping methods (6.4% of total production in 1936 and 13.5% in 1943, with a production per man per day in strip mines of 15.39 tons in 1943). If the 1943 figures were adjusted for the increased influence of strip mining, it is evident that the production per man-shift underground in 1943 would be found inferior to 1932's.

Hence, tremendous underground mechanization in the U.S. has just managed to keep up the output per man-shift against other influences which, since 1932, have tended to reduce efficiency.

As mechanical mining was progressing, the proportion of rock contained in the output increased, until in 1943 up to 13.5% of refuse had to be extracted by the cleaning plants (Page 57 of M.M.S. #1238).

50.2% of the mechanically mined coal had to be cleaned in 1943 as against 25.8% of the hand-mined coal. Both facts confirm that machine-mined coal is dirtier than hand-mined coal in the same mine, as is well known.

M.M.S. #1238, pages 39 and 48, gives the figures of tonnage cut or loaded per machine underground. This permits to figure out the capital depreciation per ton of coal handled, as is shown in the following information (no interest on capital is charged).

(1) <u>Type of Machine</u>	(2) <u>Average Tonnage Per Yr.</u>	(3) <u>Life of Machine (Years)</u>	(4) <u>Total life Production (Tons)</u>	(5) <u>Price of Machine in U. S.</u>	(6) <u>Depreciation per ton Capital only</u>	(7) <u>Upkeep per Ton</u>
Duckbills	18,692	6	112,152	\$ 5,000	4.5¢	4.5
Mobile Loaders	70,894	8	567,000	12,000	2.1	4.
Hand-loaded Conveyors	13,476	6	80,856	2,000	3.	3.
Shortwall Cutters	39,555	12	474,660	4,000	1.7	1.5
Power-drills		5		280 - 550		.5

The figures in columns 3, 5 and 7 have been compiled from various American magazines (Mechanization, Coal Age) as well as the following:

1. Power consumption in Bituminous mines in 1943

Average 6 K.W.H. per ton for mines producing from 30,000 to 60,000 tons per month, at cost of 1.4¢ per K.W.H., or 8.4¢ per ton.

2. Explosives

5 oz. & 15¢ per pound equals	5.0¢ per ton of coal
Half a detonator (7¢ each)	3.5 " " " "
	8.5¢ " " " "

3. Superintendence

Each unit of mechanization, comprising 3 to 4 crews (coal cutting, drilling, loading, timbering and track-laying crews), dealing with generally three working places

or more (in flat seams), and numbering 8 to 18 men, is under a "supervisor". This in order to assure proper rotation of the crews, timely delivery of materials and mine-cars, and general co-ordination, preventing any of these costly machines from being idle.

This is probably twice the proportion of officials in hand mining, and costs at least 5¢ per ton.

"Cost of mechanization" per ton in the case
of a duckbill and shortwall cutter with power drill:

Depreciation per ton	(Duckbill	4.5¢	
	(Shortwall		
	Cutter	<u>1.7</u>	6.2¢
Upkeep per ton	(Duckbill	4.5¢	
	(Shortwall		
	Cutter	1.5	
	(Power Drill	<u>.5</u>	6.5¢
Extra consumption of electricity as compared to hand-loading			4.
Explosives (charged against the company in mechanization)			8.5
Increased percentage of refuse, assumed at an average of 4 or 5 percent			10.
Increased superintendence			<u>5.</u>
TOTAL "Cost of Mechanization" per ton			40.2¢

The above figure of 40¢ is a fairly accurate figure which evidently cannot be wrong by more than a few cents. But we cannot find anywhere any reliable computation of the savings assessable to mechanization. Private estimates vary widely, because it is difficult to compare the cost of several mines (mechanized or not) even in the same district. Also,

the few available estimates (varying from 15¢ to 50¢ savings per ton) are calculated on different bases, some forgetting, for example, to charge explosives as an extra cost against mechanization, or extra superintendence.

The average value of U.S. Bituminous coals (M.M.S. #1238, page 29) varied from \$1.83 per ton in 1936 to \$2.69 in 1943 (including selling expenses, paid vacations, superintendence, royalties, taxes, depreciation, depletion, etc.). By comparison with such low values the above figure of 40¢ looks relatively large and suggests that the "net profits of mechanization", that is to say the difference between the total savings obtained and the 40¢ "cost of mechanization", must be slim in the average American mine.

Mechanization in Canadian Mines

It would be unfair to believe that Western Bituminous mines have not already done a good deal about mechanization. Most of them already use the pneumatic picks (which have replaced explosives to a large extent in pitching seams to the best interests of safety), coal cutters to a degree, and also conveyors, duckbills, and other loaders. But it must be admitted that conditions are far less favorable in Western Canada than in the States.

(A) Physical Conditions

In flat seams, as is the general case in the States, mobile loaders and coal cutters are used in rotation

between two or three neighboring places. But in Western Canada we have pitching seams, and the transportation of machines from one place to another is generally uneconomical. Hence we have to use a complete set of machines in each working place, which is a higher capital investment than in the U.S. for a given production.

(B) Man-made Obstacles

- (1) Practically all that type of machinery is imported from the United States at a cost 43% higher than that paid by U.S. Mines (duties 10%, taxes 22% and exchange 11%).
- (2) Electrical machinery of the "approved" type is in general use in American Bituminous mines, and gives a low consumption of electricity. In Canada, the law does not allow us to use electricity at the face in bituminous mines. The cost of compressed air is 3 or 4 times that of electric power under the same conditions.

Also, a mine producing say 400,000 tons per year will have to add, for complete mechanization, two additional compressors and another 6 or 8" air-line, at a cost of about \$80,000, or an additional depreciation of 2¢ per ton produced.

- (3) In Canada, permissible explosives cost 17.5¢ per pound instead of 15¢ in the U.S. Also, Canadian law

is very restrictive in the matter of explosives. It must be said here that the use of explosives is the sine-qua-non condition of mechanization; without it, it is not possible to give enough coal to a loading machine to make it work economically. With our Canadian laws, a company which desires to mechanize its operation may find itself compelled to use Cardox, a device which uses Carbon Dioxide in steel shells, but costs 90¢ a shot (80¢ for supplies and labour, plus 10¢ for depreciation of the equipment).

Cost of Explosive or Cardox in Canada:

Powder:	explosive	-	6.0 ¢	per ton		
	detonator		3.75¢	"	"	
	TOTAL		<u>9.75¢</u>	"	"	
Cardox:	90¢ per 5 tons					
	of coal produced, or		<u>18.0 ¢</u>	"	"	

- (4) Due to the higher value of coal in Canada, the higher proportion of rock loaded by machine has a heavier incidence than in the U.S.

Tentative Cost of Mechanization in Western Canada
in the case of Duckbill and Shortwall Cutter:

Depreciation of machinery at 43% increase over U.S. figure	10.0¢
Upkeep per ton, retaining the American figure although the upkeep of compressed air equipment is higher	6.5
Extra consumption of compressed air as compared with hand loading	7.5

Depreciation of extra compressors and pipe lines required by mechanization (see above)	2. ¢
Explosives charged against company	9.75 to 18. ¢
Increased proportion of rock	15. ¢
Increased superintendence	<u>5. ¢</u>
Total estimated Canadian cost of Mechaniza- tion	55.75 to 62. ¢
or average of	59. ¢

The above figure looks high and difficult to compensate by an equivalent reduction in the mining cost. It is our belief that not much saving will be found in mechanization on the average, except in those few mines where an excellent roof makes it possible to dispense with timbering, which in the majority of our mines slows down considerably the machinery.

Should we then say that Western Canadian mines should not enter the field of mechanization? That is not our conclusion, because, apart from the financial angle, there are strong reasons why we should mechanize.

1. Safety - The present contract system puts a premium on pillar-extraction, which under pitching conditions is the most dangerous phase of production. Probably 50 percent or more of the coal produced at present comes from pillars. With mechanized means, if coal could be produced in tight work at a price comparable to pillars, it would be possible to reduce the size of the pillars and have 75 per cent extraction by narrow work, so reducing the danger of pillar extraction by half. There are also fewer chances for accidents at a mechanized face since it is level and thus less subject to falls of

coal. The men, instead of working at the face proper, are for most of the time behind the controls of the various machines, that is to say at least a few feet away from the face. Now, it is known that falls of roof and coal at the face are the greatest mine hazard.

Finally, since mechanization means closer supervision at the face, there is better assurance that safety rules will be fully enforced.

2. Mechanization means the elimination of arduous physical labour, and as such holds more attraction to the men. The young men who will come back from overseas are now trained to the use of intricate machinery, and like it because it requires intellectual ability; mechanized mines will appeal to them, and may attract more of that desirable class of labour than the non-mechanized ones. Skilled labour for hand-mining is getting scarcer, and our face crews are at present composed of old men whom it will be difficult to replace. A mechanized crew is easier to train rapidly because of simple cyclic operations, and of safer operating conditions (flat work, reduced pillar work) which do not require the same long practical experience.

3. It is hoped that mechanized mining will remove at least part of the causes of friction with labour. The present agreements are complex because the contract rates have to meet

varying conditions. Many of the clauses dealing with contract rates were written more than 30 or 35 years ago, and give rise to innumerable conflicts of interpretation; it is practically impossible to alter them at the time of renewal of contracts because of the complexity of the work involved. In other terms, contract rates are a constant source of suspicion, bickering and hostility between Management and Union. On the contrary, a mechanized mining structure is much simpler as it consists only of a few day rates, and those are perforce identical at all mines in the district; there is less room left for misinterpretation and disputes.

For all the above reasons, the Union has co-operated with the companies in the United States towards the spreading of mechanical mining.

In conclusion, our position in regards to Mechanical Mining is as follows:

There is probably no financial advantage in Western Canadian Bituminous mines in mechanization over hand-mining with contract rates, due to the higher cost of equipment, costly explosive, compulsory use of compressed air, and pitching conditions.

We find, however, determining reasons towards mechanization in greater personal safety to the crews, better relations between labour and management, greater appeal of mechanized mining to labour, and easier recruiting and training of miners.

Other considerations

Synthetic Processes and Competition

We have already dealt with markets in great detail and have particularly stressed the shift in markets and market areas that have taken place during the war years. It is possible that a high rate of consumption may be maintained for some appreciable period post-war, but if we are to be guided by past experience (and who can afford to ignore this) we must face the real possibility of a recession in consumption.

We have shown our great dependence for operations upon the railway requirements and the relatively minor effect of other industries. The immediate future of our industry is definitely proscribed by these factors.

At the present stage we have reached in Western Canada the story is one of the primary production of raw coal with secondary processes confined so far to coking and briquetting. The future of the industry is often represented as one in which there will be very little of the above activity and instead the conversion of coal into various products such as coke, gas, oils and their derivatives by various chemical processes, some of which are already in practical operation elsewhere and some of which are still in the laboratory stage.

With no intention or desire to discount the march of progress, we believe the utilization of the various pro-

cesses referred to is, in Western Canada, still a long way off. We endorse regretfully but sincerely the views of Dr. Allan Cameron of Nova Scotia, given in part before this Commission and in part published in the Bulletins of the Canadian Institute of Mining & Metallurgy. For those with optimistic views we would recommend a perusal of the expert evidence gathered by the Sub-Committee on Senate Resolution 53 dealing with Synthetic Liquid Fuels and published by the United States Government Printing Office. In this publication it is shown that the comparative excessive capital needed for plant construction relegates coal a long way down the list as a possible source of supply. Speculation as to these possibilities does not change the fact that we must continue to be primarily concerned with the production and marketing of raw coal and its immediate products, and this definitely in competition with other types of fuel and energy.

Oil, most of which is imported, offers severe competition, and if the hopes of oil men in the Province of Alberta are based on observed facts, we can expect this competition to increase in severity.

Natural gas in local areas offers even more severe competition than oil, and for those who visualize the development of chemical and synthetic industries as an aid to coal consumption we would point out that natural gas offers far wider possibilities than coal.

We have made reference to the matter of industrial development possibilities in the West and have expressed the opinion that there does not appear present prospects of any such development as may effect the market for coal within a reasonable time. We believe any such development can only be gradual, and we have no fear as to our ability to take care of any new requirements that may develop in this direction.

We have already described our coal reserves and we believe it can be accepted that these are more than adequate for our potential markets. We have a high productive capacity, utilizing as far as possible modern equipment, and our mines have been progressive in improving the preparation of coal with modern washeries and cleaning plants.

In the life of our Industry with its many ups and downs and its considerable variation in tonnage requirements, we still have managed to operate, and we are at the present time on a self sustaining basis. The production of our coal and consequent steadiness of employment is in the first instance, and will, we expect, continue to be, dependent upon the prosperity of Western Canada, which in turn is dependent upon agriculture.

We have also previously pointed out that the only factor we know which would offer the possibility of reasonably steady employment, and taking into consideration the variation of tonnage required in Western Canada, is the distance Eastward that our coal may be moved, and this is of course dependent on the wisdom of Government in the application or otherwise of subventions which will assist this move.

SECTION IX

Summary and Recommendations

Summary and Recommendations

1. There is no lack of reserves at operating mines.
2. The full productive capacity has never been fully utilized.
3. The problem is one of markets.
4. The Railways provide the real market, with secondary operations, general industry and commercial needs less than 25 percent.
5. Wartime changes have compelled a westerly movement and again brought United States coal into the Prairie Provinces.
6. For reasonable operating time it is essential that we should be assisted in the recovery of former market areas
 - (a) by Government assistance in the form of stable subventions;
 - (b) by the full co-operation of such Government authorities as may be continued and as affecting the Coal Industry, and by operating representatives appointed to any direct control authority that may be set up or continued;
 - (c) by the co-operation of the Provincial Government through the Departments of Lands and Mines and of Trade and Industry;
 - (d) by the co-operation of the Railways in extending the use of Western coals to at least the areas in which they have formerly been used, and also in the continuation of a policy of orderly purchasing of supplies as this affects the proper spread of working time.

If, as is indicated in so many public pronouncements, Government policy is now to be directed towards the provision of full time employment, then it becomes obvious that if the Western Bituminous Coal Industry is to be considered as part of this general plan, steps must be taken to

provide the necessary market and tonnage to guarantee reasonably full-time operation and employment.

We believe we have suggested practical steps towards this end.

Closure

In dealing with the industry, we have emphasized chiefly the production of our products. We need hardly point out that in its relation to the economy of Western Canada, that is only one part of it.

Around our coal mines have grown up towns housing the mining population, and businesses catering to them. Railways and Bus lines serve these communities, and the product of the mines goes out in revenue freight. Railway employees share in the created work, and when the product reaches its destination other hands take over and in turn find their livelihood in distribution, in turn enabling them to take their places as citizens in the communities of their choice.

From all go a portion of the receipts of their activities to support Government, municipalities and rural districts, and from the mining communities with which we are most intimately connected, none can say that it has not been freely and generously given.

It is the coal industry, but it is also an integral and vital part of the life of Canada.

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